

**TERMS & CONDITIONS OF RECEIVABLES**

When a consolidated bill is presented, the billing party will assume the non-billing party's Receivables pursuant to the following terms; these terms which shall be embodied in a written contract to be executed between the billing and non-billing party:

1. In its September 17, 1999 irrevocable financing order issued to PSE&G providing for, among other things, the issuance and sale of Transition Bonds, the BPU established the terms and conditions under which a TPS may bill and collect Transition Bond Charges or the MTC-Tax Charges authorized thereunder:

27. Any TPS that proposes to collect Transition Bond Charges or the MTC-Tax must (i) meet the creditworthiness criteria to be established by the Board, and at a minimum, the criteria set forth and approved below in this Financing Order; and (ii) comply with the billing, collection and remittance procedures and information access requirements set forth below.

28. The Board will only authorize a TPS to bill and collect the Transition Bond Charge or the MTC-Tax for remittance to the Servicer or the Petitioner respectively, if (i) such TPS agrees to remit the full amount of all charges it bills to customers for services provided by the Petitioner or any successor electric public utility, together with Transition Bond Charges and the MTC-Tax, regardless of whether payments are received from such customers, within 15 days of Petitioner's or the Servicer's bill for such charges, (ii) such TPS will provide the Servicer with total monthly kwh usage information for each customer in a timely manner for the Servicer to fulfill its obligations, as such information is the basis of such remittance, and (iii) the Servicer will be entitled, within seven days after a default by the TPS in remitting any charges payable to the Petitioner, together with Transition Bond Charges and the MTC-Tax, to assume responsibility for billing all charges for services provided by Petitioner or any successor electric public utility, including the Transition Bond Charges and the MTC-Tax, or to transfer responsibility to a qualifying third party. In addition, if and so long as such TPS does not maintain at least a 'BBB' (or the equivalent) long term unsecured credit rating from Moody's Investors Service or Standard & Poor's Rating Services, such TPS shall maintain, with the Servicer or as directed by the Servicer, a cash deposit or comparable security equal to two months' maximum estimated collections of all charges payable to the Servicer, including the Transition Bond Charges and the MTC-Tax, as reasonably estimated by Petitioner (or any such successor electric public utility or by the Servicer). In the event of a default in the remittance of any such charges by a TPS, any shortfall in Transition Bond Charge or MTC-Tax collections will be included in the periodic adjustment of the Transition Bond Charge and the MTC-Tax as described herein.

29. Customers will continue to be responsible for payment to the Servicer of the Transition Bond Charge and the MTC-Tax billed by a TPS, to the extent such customer has not paid Transition Bond Charges or MTC-Tax billed to it. In the event of a failure of any customer to pay the Transition Bond Charge or MTC-Tax, the Petitioner is authorized to shut-off power, or a successor Servicer is authorized to direct the electric public utility to shut-off power, to such customer in accordance with law.

The following alternatives are examples of acceptable vehicles deemed to satisfy the “or comparable security equal to two...” requirement noted in item 28 above:

- (a) A guarantee of payment, satisfactory in form and substance to PSE&G, from a Guarantor deemed to be credit worthy by PSE&G.
- (b) An irrevocable letter of Credit, satisfactory in form and substance to PSE&G, issued by a bank or other financial institution that is acceptable by PSE&G.
- (c) A Surety or Performance Bond, including PSE&G as a beneficiary, satisfactory in form and substance to PSE&G, and enforceable in the event of bankruptcy.

Payments made to the utility after the 15-day due-date mark will be assessed late payment charges at a rate of 1.5% per month.

Accordingly, when a consolidated bill is presented, the TPS biller will assume the current utility charges as receivables pursuant to such terms and conditions, which shall be embodied in a written contract to be executed between the billing and the non-billing party.

- 2. If the Utility is the party supplying consolidated billing, PSE&G will pay all undisputed energy commodity charges to the non-billing party by the 5th day from due date noted on the consolidated bill. The parties agree that effective with the Board Order adopting this Stipulation, the utility will factor gas accounts, and the recovery of electric uncollectible expense will be charged to the Societal Benefits Charge (SBC).

If the customer dispute occurs after said payment, the disputed amount will be subtracted from the next bill payment on behalf of that customer unless non-billing party notification that the dispute is resolved (needs to occur at least five days before payment due date).

- 3. A customer is entitled to a consolidated bill once it is deemed credit worthy by the billing party. A customer will be informed that failure to keep their bills current will result in conversion from consolidated billing to dual billing for a period of one year.

At billing party's discretion, a customer may be converted from consolidated to dual billing after becoming delinquent at least 60 days; the customer and the non-billing party will be notified that the consolidated bill will not be supplied and that dual billing will commence with the next meter reading date, as long as the next meter reading date is no less than 15 days from the date of said notification.

If a customer is converted from consolidated to dual billing by any party for any reason, both the utility and the TPS will be responsible for its receivables, effective as of the start of dual billing.

4. Once PSE&G assumes the TPS receivables, the receivable will be treated utilizing PSE&G collection practices and procedures applied to delivery charges, including potential disconnection for non-payment.
5. Budget Billing: If the non-billing party wishes to offer budget billing, the non-billing party will remit the budget amount in the current charges fields to the billing party. The billing party will make the non-billing party whole on the budget amount. The non-billing party may send actual charges as informational charges to the billing party for presentation on the bill. The billing party has no responsibility for maintaining a deferred budget balance on behalf of the non-billing party.
6. Nothing in this Attachment shall either preclude or in any way prejudice the right of any party to take any position regarding utility uncollectibles in the Universal Service Fund or any future proceeding.